

## Enterprise Funds

### Sewerage and Drainage Operating Fund

#### 2006 Cash Balance Statement

The fund will begin 2006 with a cash balance of \$30.5 million. This does not include \$8.0 million which has been set aside as a reserve.

2006 SEWERAGE AND DRAINAGE OPERATING FUND BALANCE SUMMARY		
Cash Balance (January 1, 2006)	\$	30,539,208
Plus Estimated 2006 Receipts		171,811,459
Total Estimated Available Resources	\$	202,350,667
Less 2006 Recommended Operating Budget (Sewers/Drains)		(166,391,411)
Less 2006 Recommended Operating Budget (Administration)		(3,041,274)
Less 2006 Recommended Operating Budget (Operational Support)		(3,206,323)
Projected Available Balance (December 31, 2006)	\$	<u>29,711,659</u>
<b>Note: Cash Balance at January 1, 2006 does not include reserve fund balance of \$8 million</b>		

#### 2006 Revenue Summary

User fees completely support the operations of the Division of Sewerage and Drainage. Section 118 of the Columbus City Charter empowers the City Council to establish separate sewer and water rates to fully cover the cost of service. Rates are set to recover the cost of operations; maintenance and debt service, and are reviewed annually by the Sewer and Water Advisory Board. City Council must approve all rate increases before they are effective.

One of the city's goals in the rate setting process is to avoid steep increases and at the same time to fully meet the needs of the system. In order to achieve this goal, a pro forma operating statement was developed. This document is updated annually to reflect current appropriation levels and adjusted for actual revenues and expenditures.

Statements relative to this fund are made on a cash basis, which do not account for outstanding end of year encumbrances.

## 2006 Revenue Summary

SEWERAGE AND DRAINAGE REVENUE BY SOURCE AND YEAR HISTORICAL AND PROJECTED 2003-2006				
REVENUE SUMMARY	2003 Actual	2004 Actual	2005 Estimated	2006 Proposed
Service Charges:				
Standard Strength	\$ 98,595,090	\$ 110,539,339	\$ 118,220,615	\$ 139,303,291
Extra Strength	6,777,762	7,465,065	7,875,000	9,279,375
System Capacity Charges	8,620,951	8,052,121	9,478,044	9,572,824
Investment Income	2,017,059	680,250	950,000	2,047,417
Storm Maintenance Reimbursement	8,259,738	8,444,385	8,500,000	8,755,000
Other (Includes refunds)	3,756,840	2,593,525	2,797,600	2,853,552
Beginning Year Cash Balance	74,872,340	52,778,648	43,157,518	30,539,208
<b>TOTAL RESOURCES</b>	<b>\$ 202,899,780</b>	<b>\$ 190,553,333</b>	<b>\$ 190,978,777</b>	<b>\$ 202,350,667</b>
PERCENT CHANGE		-6.08%	0.22%	5.95%

Revenue Notes:

- The department is requesting, with the support of the Sewer and Water Advisory Board, a 20.0 percent increase in revenues in 2006. With this increase, revenues, excluding the beginning balance, will total nearly \$171.8 million in 2006, or nearly \$23.9 million more than the 2005 projection. Approximately \$21.2 million of this total is attributable to increased rates.
- System capacity fees are assumed to grow by a modest one percent as a result of a small assumed account growth rate. In addition, system capacity fees themselves will increase in 2006 on a strict cost of service basis.
- The interest income projection is based on the amount of cash assumed to be available in each year for capital projects. For the purposes of projection, an interest rate of two percent is assumed.
- A sewer surcharge, based upon impervious cover, is proposed to fund consent order projects.
- A low income discount of at least 15 percent is proposed for the commodity portion of the bill for qualified customers.

## **Sewer Pro Forma Operating Statement**

Presented below is a ten-year pro forma operating statement for the sewerage system enterprise operating fund, reflecting sanitary sewer operations only. A separate pro forma statement for storm sewer operations is presented later in this document. Represented is a projection of the sewerage and drainage operating fund revenues and expenditures on a cash basis for the period 2004 through 2014 given certain assumptions as outlined below. The pro forma operating statement is essential to the planning and rate setting processes. The major assumptions upon which the pro forma's numbers are based are as follows:

- The Sewer and Water Advisory Board recommended various sewer rate increases to produce 20% more revenue for 2006.
- Sanitary sales growth is projected at one percent per year from 2006 throughout the pro forma projection period.
- System capacity charges are assumed to grow by one percent annually as a result of account growth in the system.
- Operations and maintenance expenses, excluding health insurance and pro rata are inflated at three percent per year. Insurance costs are inflated by 7 percent annually, while the projected pro rata in each year is 4.5 percent of each year's projected revenues. (Note: As non-insurance personnel costs are inflated by only three percent annually, it is assumed that the division's employee strength will not increase over the pro forma period.)
- Operations and maintenance costs also include pro-rated costs associated with the newly organized Division of Operational Support (DOS). The relative percentage of the DOS budget each enterprise division will bear in any given year will depend upon the type and beneficiary of projects undertaken by the DOS during that year.
- Equipment costs in 2006 and beyond include an annual allotment to the EPA-mandated capital replacement fund.
- Included in the operations and maintenance budget is \$7.3 million to pay pro rata (payment to the general fund for services provided to the utility divisions by general fund agencies); \$7.4 million for payment to the Water Division for billing services; and \$10.7 million for payment of utilities.
- Proposed new debt is issued in the form of bonds at 4.75 percent in 2005, and 5.5 percent thereafter. The 2006 – 2011 capital improvement plan includes over \$163 million in bond-funded projects.
- Debt service for payment of Ohio Water Development Authority (OWDA) low-interest loans has been included within the appropriate debt schedules. Use of these low-interest monies decrease the debt retirement expenses associated with sanitary sewers projects. Unlike municipal bonds, debt service on OWDA-funded construction projects is not paid until construction is complete. The 2006 – 2011 capital improvement plan includes over \$768 million in OWDA-funded projects.

- The Division of Sewerage and Drainage's capital improvements plan has been reduced by 20 percent throughout the pro forma period. This reduction recognizes the likelihood that actual debt issuance in any given year will not reach levels outlined in the capital improvements budget because of unavoidable lags in the project planning and implementation process.
- The Division of Sewerage and Drainage's pro forma statement also assumes that all debt will be issued during December of 2005. Therefore, debt issued in 2005 results in no interest expense until 2006. The same is true for subsequent issues and subsequent years' expenditures.
-

# Enterprise Funds

<b>SEWERAGE SYSTEM ENTERPRISE FUND</b> <b>PRO FORMA OPERATING STATEMENT FOR YEARS 2004 - 2015</b> IN DOLLARS - 000'S OMITTED												
	ACTUAL 2004	Projected 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>BEGINNING CASH BALANCE</b>	\$ 60,779	\$ 43,157	\$ 30,539	\$ 29,712	\$ 40,853	\$ 50,747	\$ 46,474	\$ 42,347	\$ 39,573	\$ 52,064	\$ 62,943	\$ 103,694
<b>UTILITY REVENUES</b>												
Sewer Sales	118,004	126,096	127,357	154,356	183,962	219,245	232,510	241,880	251,628	261,768	272,318	283,292
Sewer Sales Increase	-	-	21,226	23,153	27,594	9,136	5,813	6,047	6,291	6,545	6,808	7,082
Interest Income	680	950	2,047	3,063	2,186	1,250	2,116	1,599	1,845	3,585	3,282	2,491
System Capacity Charge	8,052	9,478	9,573	9,669	9,765	9,863	9,962	10,061	10,162	10,263	10,366	10,470
Other	2,594	2,798	2,854	2,911	2,969	3,028	3,089	3,151	3,214	3,278	3,343	3,410
Reimbursement from Stormwater Fund	8,444	8,500	8,755	9,018	9,288	9,567	9,854	10,149	10,454	10,768	11,091	11,423
<b>TOTAL REVENUE</b>	<b>137,774</b>	<b>147,822</b>	<b>171,812</b>	<b>202,170</b>	<b>235,764</b>	<b>252,089</b>	<b>263,344</b>	<b>272,887</b>	<b>283,594</b>	<b>296,207</b>	<b>307,208</b>	<b>318,168</b>
<b>TOTAL RESOURCES</b>	<b>198,553</b>	<b>190,979</b>	<b>202,351</b>	<b>231,882</b>	<b>276,617</b>	<b>302,836</b>	<b>309,818</b>	<b>315,234</b>	<b>323,167</b>	<b>348,271</b>	<b>370,151</b>	<b>421,862</b>
<b>UTILITY EXPENSE</b>												
<b>OPERATIONS &amp; MAINTENANCE</b>												
Personnel	30,523	31,334	32,200	33,166	34,161	35,186	36,242	37,329	38,449	39,602	40,790	42,014
27th Pay Period	-	-	-	-	-	-	-	-	-	-	-	-
Insurances	3,701	4,101	4,403	4,711	5,041	5,394	5,771	6,175	6,607	7,070	7,565	8,094
Supplies & Materials	4,635	6,681	5,732	5,904	6,081	6,264	6,452	6,645	6,844	7,050	7,261	7,479
Pro Rata	6,092	6,269	7,338	8,692	10,191	10,914	11,407	11,823	12,291	12,845	13,325	13,804
Contractual Services	29,580	32,721	32,027	32,988	33,978	34,997	36,047	37,128	38,242	39,390	40,571	41,788
Other	557	350	790	814	838	863	889	916	943	972	1,001	1,031
Equipment	2,986	1,882	5,470	5,634	5,803	5,977	6,157	6,341	6,531	6,727	6,929	7,137
Division of Operational Support Allocation	-	3,000	3,206	3,303	3,402	3,504	3,609	3,717	3,829	3,943	4,062	-
P/U Director's Allocation	-	1,673	3,041	3,133	3,226	3,323	3,423	3,526	3,631	3,740	3,853	3,968
<b>TOTAL OPERATIONS &amp; MAINTENANCE</b>	<b>78,074</b>	<b>88,011</b>	<b>94,207</b>	<b>98,345</b>	<b>102,721</b>	<b>106,422</b>	<b>109,997</b>	<b>113,600</b>	<b>117,367</b>	<b>121,339</b>	<b>125,357</b>	<b>125,315</b>
<b>DEBT SERVICE</b>												
Revenue Bond	14,847	15,430	15,218	15,093	15,151	17,581	18,880	20,178	-	-	-	-
General Obligation	30,148	27,448	28,181	26,933	24,276	23,111	19,330	16,054	15,395	13,780	13,257	11,421
Proposed New Debt	-	999	4,725	18,624	39,310	54,518	64,534	71,099	83,611	95,479	75,527	91,571
Less Debt Issuance Premium	-	-	-	-	-	-	-	-	-	-	-	-
O.W.D.A. Debt	24,327	28,552	30,308	32,034	44,412	54,730	54,730	54,730	54,730	54,730	52,316	52,316
<b>TOTAL DEBT SERVICE</b>	<b>69,322</b>	<b>72,429</b>	<b>78,432</b>	<b>92,684</b>	<b>123,149</b>	<b>149,940</b>	<b>157,474</b>	<b>162,061</b>	<b>153,736</b>	<b>163,989</b>	<b>141,100</b>	<b>155,308</b>
<b>TOTAL EXPENSE</b>	<b>147,396</b>	<b>160,440</b>	<b>172,639</b>	<b>191,029</b>	<b>225,870</b>	<b>256,362</b>	<b>267,471</b>	<b>275,661</b>	<b>271,103</b>	<b>285,328</b>	<b>266,457</b>	<b>280,623</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 51,157</b>	<b>\$ 30,539</b>	<b>\$ 29,712</b>	<b>\$ 40,853</b>	<b>\$ 50,747</b>	<b>\$ 46,474</b>	<b>\$ 42,347</b>	<b>\$ 39,573</b>	<b>\$ 52,064</b>	<b>\$ 62,943</b>	<b>\$ 103,694</b>	<b>\$ 141,239</b>
Less reserve fund transfer	(8,000)											

SEWERAGE SYSTEM ENTERPRISE FUND												
PRO FORMA OPERATING STATEMENT FOR YEARS 2004 - 2015												
IN DOLLARS - 000'S OMITTED												
	ACTUAL 2004	Projected 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PROJECTED REVENUE INCREASE	9.50%	9.50%	20.00%	18.00%	18.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RESERVE REQUIREMENT: 10% of Operations/Maintenance Costs	7,807	8,801	9,421	9,835	10,272	10,642	11,000	11,360	11,737	12,134	12,536	12,532
<b>CASH BASIS COVERAGE</b>												
REVENUE	\$ 137,775	\$ 147,821	\$ 171,811	\$ 202,170	\$ 235,764	\$ 252,089	\$ 263,343	\$ 272,888	\$ 283,593	\$ 296,207	\$ 307,207	\$ 318,169
GROSS O & M EXPENSES	(78,074)	(88,011)	(94,208)	(98,344)	(102,722)	(106,422)	(109,996)	(113,601)	(117,369)	(121,339)	(125,357)	(129,499)
NET REVENUE	\$ 59,700	\$ 59,810	\$ 77,604	\$ 103,826	\$ 133,042	\$ 145,668	\$ 153,347	\$ 159,287	\$ 166,224	\$ 174,867	\$ 181,850	\$ 188,670
ACTUAL/EST. BEG. SYSTEM RESERVE FUND	\$ 66,562	\$ 43,158	\$ 30,539	\$ 29,711	\$ 40,852	\$ 50,745	\$ 46,473	\$ 42,346	\$ 39,573	\$ 52,062	\$ 62,940	\$ 103,691
O&M EXPENSE RESERVE REQUIREMENT	(7,807)	(8,801)	(9,421)	(9,834)	(10,272)	(10,642)	(11,000)	(11,360)	(11,737)	(12,134)	(12,536)	(12,950)
SYSTEM RESERVE FUND AVAILABLE	58,754	34,356	21,118	19,877	30,580	40,103	35,473	30,986	27,836	39,928	50,405	90,741
ADJUSTED NET REVENUE	\$ 118,455	\$ 94,167	\$ 98,722	\$ 123,703	\$ 163,622	\$ 185,771	\$ 188,820	\$ 190,272	\$ 194,060	\$ 214,795	\$ 232,255	\$ 279,410
REVENUE BOND DEBT SERVICE	14,847	15,430	15,218	15,093	15,151	17,581	18,880	20,178	-	-	-	-
G.O. DEBT SERVICE (including proposed new debt)	30,148	28,446	32,906	45,558	63,586	77,629	83,865	87,152	99,005	109,259	88,784	102,993
OWDA DEBT SERVICE	24,327	28,552	30,308	32,034	44,412	54,730	54,730	54,730	54,730	54,730	52,316	52,316
TOTAL DEBT SERVICE	\$ 69,322	\$ 72,428	\$ 78,431	\$ 92,685	\$ 123,149	\$ 149,940	\$ 157,474	\$ 162,060	\$ 153,735	\$ 163,989	\$ 141,100	\$ 155,309
<b>Rate covenant tests:</b>												
COVERAGE RATIO (1.00 REQUIRED)												
ADJ. NET REVENUE vs. TOTAL DEBT SERVICE	1.71	1.30	1.26	1.33	1.33	1.24	1.20	1.17	1.26	1.31	1.65	1.80
COVERAGE RATIO (1.25 REQUIRED)												
ADJ. NET REVENUE vs. REV. BOND DEBT SERVICE	7.98	6.10	6.49	8.20	10.80	10.57	10.00	9.43	NA	NA	NA	NA
<b>Bond reserve requirement test:</b>												
COVERAGE RATIO (1.50 REQUIRED)												
ADJ. NET REVENUE vs. REV. BOND DEBT SERVICE	7.98	6.10	6.49	8.20	10.80	10.57	10.00	9.43	NA	NA	NA	NA
Assumes 35% availability of OWDA Funding												

## Electricity Enterprise Fund

### 2006 Cash Balance Statement

In 2006, the total volume of electric retail sales, the largest source of revenue in the electricity enterprise fund, is projected to increase by 8.3 percent over 2005 totals. However, due to the rapidly growing cost of purchase power, revenues into the fund are projected to fall below projected expenses. As such, the division may require a transfer from the special income tax (SIT) fund.

At issue are the newly imposed transmission fees, the cost of which the city is currently absorbing. The division is working with its consultants and attorneys to determine its relative responsibility for these new transmission fees under the terms of the current purchase power agreement, which may result in some downward adjustment to this transmission fees cost. Until the outcome of this issue is known, the department will assume a worst-case scenario and project a need for an SIT transfer.

2006 ELECTRICITY ENTERPRISE FUND BALANCE SUMMARY		
Cash Balance (January 1, 2006)	\$	358,000
Plus Estimated 2006 Receipts		67,612,000
Plus Kilowatt Hour Tax Revenues		-
Plus Special Income Tax Transfer		-
Total Estimated Available Resources	\$	67,970,000
Less 2006 Recommended Operating Budget (Electricity)		(65,946,590)
Less 2006 Recommended Operating Budget (Administration)		(1,073,406)
Less 2006 Recommended Operating Budget (Operational Support)		(1,674,797)
Projected Available Balance (December 31, 2006)	\$	<u>(724,793)</u>

### 2006 Revenue Summary

Electricity operating fund revenues fall into two basic categories: revenues from the retail sale of electricity and miscellaneous revenues for specific services (e.g., operation and maintenance of expressway lighting) and investments.

Statements relative to this fund are made on a cash basis, which do not account for outstanding end of year encumbrances. For that reason, relative percentage change calculations for this fund are based on current year receipts only.





## 2006 Revenue Summary

ELECTRICITY ENTERPRISE FUND				
REVENUE BY SOURCE AND YEAR				
HISTORICAL AND PROJECTED				
2003-2006				
REVENUE SUMMARY	2003 Actual	2004 Actual	2005 Estimated	2006 Proposed
Charges for Electric Service	\$ 54,198,330	\$ 52,148,000	\$ 56,413,000	\$ 61,104,000
Construction Charges	650,343	1,532,000	820,000	845,000
Expressway Lighting/Maintenance	1,045,990	740,000	890,000	890,000
New Customer Installation Revenue	706,607	584,000	900,000	927,000
Investment Income	99,662	104,000	300,000	150,000
Workers Comp/Insurance Savings	-	-	-	-
Other Revenue	776,066	783,000	425,000	438,000
Street Lighting Charges	258,091	293,000	296,000	271,000
Kilowatt Hour Tax Revenues	3,148,023	-	-	-
Transportation Street Lighting Revenue	-	2,900,000	2,900,000	2,987,000
Special Income Tax Transfer	-	350,000	-	-
Beginning Year Cash Balance	(76,010)	418,300	494,000	358,000
<b>TOTAL RESOURCES</b>	<b>\$ 60,807,102</b>	<b>\$ 59,852,300</b>	<b>\$ 63,438,000</b>	<b>\$ 67,970,000</b>
PERCENT CHANGE		-1.57%	5.99%	7.14%

Revenue Notes:

- Revenues, excluding the beginning year cash balance are expected to be \$67.6 million in 2006, an increase of 7.4 percent over 2005 estimates.
- Effective May 2001, changes in state law caused the Division of Electricity to pay the proceeds of a kilowatt hour tax to the general fund. At that time, to avoid a net reduction in revenue to the division, the general fund reimbursed the payments to the electricity operating fund. However, in 2004, legislation was passed that allowed the general fund to keep the kilowatt hour proceeds. In turn, the division will receive up to \$2.9 million per year from the street construction, maintenance and repair fund for street lighting costs and may receive additional monies for debt service costs, if needed.

## **Electricity Pro Forma Operating Statement**

During the summers of 1998 and 1999, the Division of Electricity experienced sudden increases in purchase power expenses. During 1998, certain power sources in the Midwest were temporarily disrupted through untimely maintenance and tornado damage. In 1999, the situation was further exacerbated by a severe nationwide heat wave. In 1998 and in 1999, the division passed on a portion of these costs to customers in the form of fuel adjustment charges. To hedge against a recurrence of these levels of purchase power costs, the division entered into contracts to cover most of the peak demand that could be anticipated during the summer months in 2000. During 2000, the division was successful in securing favorable, long-term contracts for its purchase power to meet its needs into the future. For 2006, the purchase power projection is \$40.1 million, of which \$2.6 million is to cover the aforementioned newly imposed transmission fees.

A pro forma operating statement for the electricity enterprise fund is presented on the following pages. The following assumptions were used:

- The pro forma assumes operating and maintenance and debt service costs for the division's street lighting program through the entire pro forma period. The objective of the program is to install street lighting throughout the city without general fund or special income tax support and so will be funded with revenues derived from electric retail sales, to the extent possible.
- Operations and maintenance expenses, excluding health insurance and pro rata are inflated at three percent per year. Insurance costs are inflated by 7 percent annually, while the projected pro rata in each year is 4.5 percent of each year's projected revenues. (Note: As non-insurance personnel costs are inflated by only three percent annually, it is assumed that the division's employee strength will not increase over the pro forma period.)
- Operations and maintenance costs also include pro-rated costs associated with the newly organized Division of Operational Support (DOS). The relative percentage of the DOS budget each enterprise division will bear in any given year will depend upon the type and beneficiary of projects undertaken by the DOS during that year.
- The largest portion, by far, of the Division of Electricity's budget is for the purchase of electrical power. In 2006, over \$40.1 million is budgeted for this wholesale power, which in turn is sold to the division's customers. The 2006 budget also includes nearly \$3.0 million for payment of pro rata and over \$600,000 for payment of utilities.

- For purposes of this document, it is assumed that purchase electrical power costs will average \$41.02 per megawatt hour in 2006, a portion of which covers the newly imposed transmission fees. However, the city is currently working with its consultants and attorneys to determine its relative responsibility for the new fees under the terms of the current purchase power agreement, which may result in some downward adjustment to these costs.
- Proposed new bonded debt is conservatively projected. It is assumed that such debt will be directly bonded at 4.5 percent in 2005, 5.0 percent in 2006 and 5.5 percent thereafter. Details regarding the proposed capital expenditures are available in the capital summary section of this document.
- The Division of Electricity's pro forma statement also assumes that all debt will be issued during December 2005. Therefore, debt issued in 2005 results in no interest expense until 2006. The same is true for subsequent issues and subsequent years' expenditures.

ELECTRICITY ENTERPRISE FUND										
IN DOLLARS - 000'S OMITTED										
	Estimated 2004	Projected 2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUE SUMMARY</b>										
<b>Electricity Sales</b>										
Residential A-1	\$ 5,352	\$ 5,562	\$ 5,802	\$ 5,947	\$ 6,095	\$ 6,254	\$ 6,381	\$ 6,547	\$ 6,679	\$ 6,853
Commercial CS-20	300	316	330	338	347	356	363	372	380	390
Commercial CS-22	7,296	7,614	8,207	8,413	8,623	8,847	9,030	9,264	9,455	9,701
Lg. Commercial/Industrial - 23	40,240	43,875	46,564	47,728	48,921	50,193	51,114	52,443	53,402	54,790
Italian Village	-	0	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153
Lg. Commercial/Industrial - 31	1,633	1,775	1,859	1,905	1,953	2,004	2,042	2,096	2,136	2,192
Commercial F39	592	607	628	644	660	677	692	710	726	745
Kilowatt Hour Tax Reduction	(3,265)	(3,337)	(3,438)	(3,524)	(3,611)	(3,704)	(3,799)	(3,897)	(3,997)	(4,100)
<b>Total Electric Sales</b>	<b>52,148</b>	<b>56,413</b>	<b>61,104</b>	<b>62,604</b>	<b>64,141</b>	<b>65,779</b>	<b>66,976</b>	<b>68,688</b>	<b>69,934</b>	<b>71,723</b>
Street Lighting Energy	3,131									
St Lt Energy Absorbed In House	(3,131)									
Expressway Lighting	428	520	520	520	520	520	520	520	520	520
<b>Other Revenues</b>										
Street Lighting Maintenance	2,447	2,545	2,647	2,753	2,863	2,977	3,096	3,220	3,349	3,483
SL Maintenance Absorbed In House	(2,447)	(2,545)	(2,647)	(2,753)	(2,863)	(2,977)	(3,096)	(3,220)	(3,349)	(3,483)
Expressway Maintenance	312	370	370	370	370	370	370	370	370	370
Construction Charges	1,532	820	845	870	896	923	951	979	1,008	1,039
New Customer Installation Revenue	584	900	927	955	983	1,013	1,043	1,075	1,107	1,140
Investment Earnings	104	300	150	150	150	150	150	150	150	150
Other Charges & Miscellaneous	783	425	438	451	464	478	493	507	523	538
SL Reimbursement - Transportation	2,907	2,900	2,987	3,077	3,169	3,264	3,362	3,463	3,567	3,674
<b>Total Other Revenue</b>	<b>6,222</b>	<b>5,715</b>	<b>5,716</b>	<b>5,873</b>	<b>6,033</b>	<b>6,198</b>	<b>6,369</b>	<b>6,544</b>	<b>6,725</b>	<b>6,911</b>
<b>Total Operating Revenue before Reimbursement</b>	<b>58,798</b>	<b>62,648</b>	<b>67,340</b>	<b>68,996</b>	<b>70,694</b>	<b>72,498</b>	<b>73,864</b>	<b>75,752</b>	<b>77,179</b>	<b>79,155</b>
Assessment/Expense Reimbursement	293	296	271	226	184	154	141	124	108	28
Kwh Taxes Received	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$ 59,091</b>	<b>\$ 62,943</b>	<b>\$ 67,611</b>	<b>\$ 69,222</b>	<b>\$ 70,878</b>	<b>\$ 72,651</b>	<b>\$ 74,005</b>	<b>\$ 75,877</b>	<b>\$ 77,287</b>	<b>\$ 79,183</b>

## ELECTRICITY ENTERPRISE FUND

IN DOLLARS - 000'S OMITTED

	Estimated 2004	Projected 2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>EXPENDITURE SUMMARY</b>										
Salaries	\$ 9,224	\$ 9,281	\$ 9,889	\$ 10,284	\$ 10,696	\$ 11,124	\$ 11,568	\$ 12,031	\$ 12,512	\$ 13,013
Purchase Power	36,241	38,970	40,119	40,946	41,961	43,040	44,147	45,283	46,449	47,646
Materials and Supplies	632	704	787	811	835	860	886	912	940	968
Pro Rata	2,703	2,806	3,024	3,098	3,174	3,256	3,317	3,402	3,466	3,555
Services	2,264	2,275	2,540	2,616	2,695	2,776	2,859	2,945	3,033	3,124
AMPO Service Fees A & B	481	451	463	476	487	500	512	526	539	553
Other Disbursements	1,199	146	172	177	182	188	194	199	205	212
Capital Equipment	1,074	1,694	2,114	2,177	2,243	2,310	2,379	2,451	2,524	2,600
<b>Total Distribution Op Exp before Debt Svc</b>	<b>53,818</b>	<b>56,326</b>	<b>59,108</b>	<b>60,585</b>	<b>62,273</b>	<b>64,052</b>	<b>65,862</b>	<b>67,749</b>	<b>69,669</b>	<b>71,670</b>
Distribution G.O. Debt	2,896	3,154	4,207	3,945	3,484	3,335	2,684	2,202	1,926	1,740
Street Lighting G.O. debt	2,534	2,326	2,230	2,024	1,686	1,627	1,154	799	521	302
Refinancing Debt Svc	(526)	(1,057)	-	-	-	-	-	-	-	-
Street Light Assessments	293	296	271	226	184	154	141	124	108	28
	5,196	4,718	6,708	6,195	5,354	5,116	3,980	3,125	2,555	2,070
PU&A Director's Allocation	0	616	1,073	1,116	1,161	1,207	1,255	1,305	1,358	1,412
DOS Allocation	0	1,419	1,675	1,742	1,812	1,884	1,960	2,038	2,119	2,204
<b>Total Expenditures before New Debt Svc</b>	<b>59,014</b>	<b>63,079</b>	<b>68,564</b>	<b>69,638</b>	<b>70,599</b>	<b>72,259</b>	<b>73,057</b>	<b>74,218</b>	<b>75,702</b>	<b>77,357</b>
New Distribution Debt Service	-	-	64	275	460	648	849	1,069	1,280	1,483
New Street Lighting Debt Service	-	-	67	306	555	806	1,045	1,261	1,468	1,666
<b>Total Expenditures before Kwh Tax Exp</b>	<b>59,014</b>	<b>63,079</b>	<b>68,695</b>	<b>70,219</b>	<b>71,614</b>	<b>73,712</b>	<b>74,951</b>	<b>76,547</b>	<b>78,449</b>	<b>80,505</b>
Kwh Tax Exp Transfer to General Fund	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>59,014</b>	<b>63,079</b>	<b>68,695</b>	<b>70,219</b>	<b>71,614</b>	<b>73,712</b>	<b>74,951</b>	<b>76,547</b>	<b>78,449</b>	<b>80,505</b>
Beginning Year Cash 1/1	418	494	358	(725)	(1,722)	(2,458)	(3,519)	(4,464)	(5,135)	(6,298)
Transfer from SIT	-	-	-	-	-	-	-	-	-	-
<b>Ending Year Cash 12/31</b>	<b>\$ 494</b>	<b>\$ 358</b>	<b>\$ (725)</b>	<b>\$ (1,722)</b>	<b>\$ (2,458)</b>	<b>\$ (3,519)</b>	<b>\$ (4,464)</b>	<b>\$ (5,135)</b>	<b>\$ (6,298)</b>	<b>\$ (7,620)</b>

## Water Operating Fund

### 2006 Cash Balance Statement

The fund will begin 2006 with a cash balance of \$25.2 million. This does not include \$8.0 million which has been set aside as a reserve.

2006 WATER OPERATING FUND BALANCE SUMMARY		
Cash Balance (January 1, 2006)	\$	25,172,816
Plus Estimated 2006 Receipts		119,919,508
Total Estimated Available Resources	\$	145,092,324
Less 2006 Recommended Operating Budget (Water)		(123,052,614)
Less 2006 Recommended Operating Budget (Administration)		(1,848,626)
Less 2006 Recommended Operating Budget (Operational Support)		(3,186,992)
Projected Available Balance (December 31, 2006)	\$	<u>17,004,092</u>
<b>Note: Cash Balance at January 1, 2006 does not include reserve fund balance of \$8 million</b>		

### 2006 Revenue Summary

User fees completely support the operations of the Water Division. Section 118 of the Columbus City Charter empowers the City Council to establish separate sewer and water rates to fully cover the cost of service. Rates are set to recover the cost of operations; maintenance and debt service, and are reviewed annually by the Sewer and Water Advisory Board. City Council must approve all rate increases before they are effective.

One of the city's goals in the rate setting process is to avoid steep increases and at the same time to fully meet the needs of the system. In order to achieve this goal, a pro forma operating statement was developed. This document is updated annually to reflect current appropriation levels and adjusted for actual revenues and expenditures.

Statements relative to this fund are made on a cash basis, which do not account for outstanding end of year encumbrances.





## 2006 Revenue Summary

WATER OPERATING FUND				
REVENUE BY SOURCE AND YEAR				
HISTORICAL AND PROJECTED				
2003-2006				
REVENUE SUMMARY	2003 Actual	2004 Actual	2005 Estimated	2006 Proposed
Water Sales	\$ 72,998,503	\$ 81,022,016	\$ 87,782,093	\$ 95,982,689
Water Penalty Fees	857,805	868,895	940,993	950,403
System Capacity Charges	11,250,727	12,407,646	13,042,011	13,172,431
Sewer Billings	6,036,986	6,600,379	6,180,000	6,365,400
Meter Service Fee	551,167	598,915	490,058	494,959
Investment Income	2,187,067	257,062	1,325,579	1,324,734
Other Revenue	2,703,369	1,755,190	1,612,764	1,628,892
Beginning Year Cash Balance	39,544,730	26,173,709	36,687,814	25,172,816
<b>TOTAL RESOURCES</b>	<b>\$ 136,130,354</b>	<b>\$ 129,683,812</b>	<b>\$ 148,061,312</b>	<b>\$ 145,092,324</b>
PERCENT CHANGE		-4.74%	14.17%	-2.01%

## Revenue Notes:

- The department is requesting, with the support of the Sewer and Water Advisory Board, a nine percent increase in revenues in 2006, largely funded by various rate increases. With this increase, revenues, excluding the beginning balance, will total over \$119.9 million in 2006, an increase of 7.6 percent over the 2005 projection.
- Sewer billing charges are projected to total nearly \$6.3 million in 2006 or three percent higher than the 2005 projection.
- System capacity fees are assumed to grow by a modest one percent as a result of a small assumed account growth rate. In addition, the system capacity fees themselves are proposed to increase in 2006 on a strict cost of service basis.
- A low income discount program is proposed to reduce the commodity portion of the bill by at least 15 percent for qualified customers.
- All residential customers are proposed to receive a 1.9 percent rate reduction (a “lifeline” rate) for essential water usage, namely the first 15 ccf per quarter.
- The interest income projection is based on the amount of cash assumed to be available in each year for capital projects. For the purposes of projection, an interest rate of two percent is assumed.

## **Water Pro Forma Operating Statement**

A pro forma operating statement for the ten-year period beginning 2005 is presented on the following pages. The statement is designed to project the utility's revenues and expenditures for that period, given certain assumptions and is essential to the planning and rate setting processes. The major assumptions upon which the pro forma's numbers are based are as follows:

- The sewer and water advisory board has recommended rate increases to produce nine percent more revenue in 2006.
- Water sales growth is projected at one percent per year, based on a recent history of water sales growth.
- The system capacity charge revenue is projected at one percent growth per year as a result of account growth in the system.
- Interest rates on investments of revenues and reserves are projected to be two percent.
- Operations and maintenance expenses, excluding health insurance and pro rata are inflated at three percent per year. Insurance costs are inflated by 7 percent annually, while the projected pro rata in each year is 4.5 percent of each year's projected revenues. (Note: As non-insurance personnel costs are inflated by only three percent annually, it is assumed that the division's employee strength will not increase over the pro forma period.)
- Operations and maintenance costs also include pro-rated costs associated with the newly organized Division of Operational Support (DOS). The relative percentage of the DOS budget each enterprise division will bear in any given year will depend upon the type and beneficiary of projects undertaken by the DOS during that year.
- Included in the operations and maintenance budget is \$5.4 million for payment of pro rata; \$9.1 for the purchase of chemicals; and \$6.0 million for payment of utilities.
- Proposed new debt is issued in the form of bonds at an assumed interest rate 4.5 percent in 2005 and 5.5 thereafter.
- In 1995 and 1996, the City of Columbus issued a total of \$62.8 million in variable rate debt for Water Division capital projects. For purposes of this pro forma statement, the interest rate on that debt is assumed to be 3.5 percent.
- The Division of Water's capital improvements budget (CIB) has been discounted by 20 percent. This reduction recognizes the probability that debt issued in any given year will not reach the levels outlined in the division's capital improvements budget due to unavoidable lags in the project planning and implementation process. By contrast, the capital improvements budget ordinance will reflect the division's entire approved plan for 2006.



# Enterprise Funds

WATER ENTERPRISE FUND PRO FORMA OPERATING STATEMENT FOR YEARS 2004 - 2015 IN DOLLARS - 000'S OMITTED												
	ACTUAL 2004	Projected 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
BEGINNING CASH BALANCE	\$ 26,174	\$ 28,688	\$ 25,173	\$ 17,004	\$ 13,989	\$ 14,209	\$ 17,130	\$ 26,069	\$ 44,680	\$ 66,383	\$ 90,706	\$ 117,462
UTILITY REVENUES												
Water Sales	\$ 81,022	\$ 84,682	\$ 89,286	\$ 98,295	\$ 108,710	\$ 120,227	\$ 132,662	\$ 146,047	\$ 151,933	\$ 158,056	\$ 164,426	\$ 171,052
Water Sales Increase	-	3,101	6,696	7,782	8,606	9,268	9,950	3,651	3,798	3,951	4,111	4,276
Interest Income	257	1,326	1,325	1,447	1,202	1,013	891	849	1,128	1,454	1,818	2,220
System Capacity Charges	12,408	13,042	13,172	13,304	13,437	13,572	13,707	13,844	13,983	14,123	14,264	14,406
Sewer Billing Charges	6,600	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063	8,305
Penalties	869	941	950	960	970	979	989	999	1,009	1,019	1,029	1,039
Meter Service Fees	599	490	495	500	505	510	515	520	525	531	536	541
Other	1,755	1,613	1,629	1,645	1,662	1,678	1,695	1,712	1,729	1,746	1,764	1,781
TOTAL REVENUE	103,510	111,373	119,920	130,489	141,844	154,203	167,573	175,002	181,706	188,708	196,011	203,622
TOTAL RESOURCES	129,684	140,061	145,092	147,493	155,832	168,411	184,703	201,071	226,387	255,092	286,718	321,084
UTILITY EXPENSE												
OPERATIONS & MAINTENANCE												
PERSONNEL SERVICES	31,172	32,464	33,520	34,525	35,561	36,628	37,727	38,859	40,024	41,225	42,462	43,736
27th Pay Period	-	-	-	-	-	-	-	-	-	-	-	-
HEALTH INSURANCE	3,807	4,372	4,739	5,071	5,426	5,806	6,212	6,647	7,112	7,610	8,143	8,713
SUPPLIES & MATERIALS	3,761	4,812	4,873	5,019	5,169	5,325	5,484	5,649	5,818	5,993	6,173	6,358
CHEMICALS	7,191	9,341	9,141	9,415	9,698	9,989	10,288	10,597	10,915	11,242	11,580	11,927
PRO RATA	4,434	5,012	5,396	5,872	6,383	6,939	7,541	7,875	8,177	8,492	8,820	9,163
CONTRACTURAL SERVICES	6,362	8,531	10,599	10,917	11,245	11,582	11,930	12,287	12,656	13,036	13,427	13,830
ELECTRICITY	5,167	5,473	5,272	5,430	5,593	5,761	5,933	6,111	6,295	6,484	6,678	6,879
DATA PROCESSING	2,617	2,093	1,800	1,854	1,910	1,967	2,026	2,087	2,149	2,214	2,280	2,349
OTHER	110	316	116	119	123	127	131	134	139	143	147	151
EQUIPMENT	858	759	1,755	1,808	1,862	1,918	1,976	2,035	2,096	2,159	2,224	2,290
DIVISION OF OPERATIONAL SUPPORT	-	2,163	3,187	3,283	3,381	3,483	3,587	3,695	3,805	3,920	4,037	4,158
PUJA DIRECTOR'S ALLOCATION	-	1,093	1,849	1,904	1,961	2,020	2,081	2,143	2,207	2,274	2,342	2,412
TOTAL OPERATIONS & MAINTENANCE	65,480	76,428	82,247	85,218	88,312	91,543	94,915	98,119	101,394	104,790	108,312	111,965
DEBT SERVICE												
REVENUE BOND	7,163	7,278	7,487	7,662	7,799	7,989	8,232	-	-	-	-	-
GENERAL OBLIGATION	27,200	29,842	34,990	30,611	27,056	26,051	24,134	22,695	20,155	18,966	18,224	15,339
PROPOSED NEW DEBT	-	-	2,024	8,673	17,117	24,358	30,013	34,237	37,114	39,289	41,380	43,387
ALUM CREEK DEBT	1,213	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340	1,340
TOTAL DEBT SERVICE	35,576	38,460	45,841	48,286	53,312	59,738	63,719	58,271	58,609	59,595	60,943	60,066
TOTAL EXPENSE	101,057	114,888	128,088	133,504	141,624	151,281	158,634	156,391	160,003	164,385	169,256	172,031
Sale of assets (proceeds go to reserve fund)	61	-	-	-	-	-	-	-	-	-	-	-
ENDING FUND BALANCE	\$ 28,688	\$ 25,173	\$ 17,004	\$ 13,989	\$ 14,209	\$ 17,130	\$ 26,069	\$ 44,680	\$ 66,383	\$ 90,706	\$ 117,462	\$ 149,053

<b>WATER ENTERPRISE FUND</b> <b>PRO FORMA OPERATING STATEMENT FOR YEARS 2004 - 2015</b> <b>IN DOLLARS - 000'S OMITTED</b>												
	ACTUAL 2004	Projected 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PROJECTED REVENUE INCREASE	7.25%	7.25%	9.00%	9.50%	9.50%	9.25%	9.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RESERVE REQUIREMENT: 10% of Operations/Maintenance Costs	6,548	7,643	8,225	8,522	8,831	9,154	9,492	9,812	10,139	10,479	10,831	11,197
<b>CASH BASIS COVERAGE</b>												
REVENUES	\$ 103,510	\$ 111,373	\$ 119,920	\$ 130,489	\$ 141,844	\$ 154,203	\$ 167,573	\$ 175,002	\$ 181,706	\$ 188,708	\$ 196,011	\$ 203,622
CONSTRUCTION FUNDS INTEREST	(257)	(968)	(1,210)	(1,051)	(798)	(651)	(566)	(938)	(938)	(938)	(938)	(2,220)
REVENUES	<u>\$ 103,253</u>	<u>\$ 109,362</u>	<u>\$ 117,684</u>	<u>\$ 126,895</u>	<u>\$ 136,939</u>	<u>\$ 147,651</u>	<u>\$ 150,841</u>	<u>\$ 152,507</u>	<u>\$ 154,195</u>	<u>\$ 155,904</u>	<u>\$ 157,635</u>	<u>\$ 201,403</u>
GROSS O & M EXPENSES	66,693	77,768	83,587	86,558	89,652	92,883	96,255	99,459	102,734	106,130	109,652	113,305
PAYMENT TO/FOR OHIO WATER RIGHTS	(1,213)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)	(1,340)
O & M EXPENSES	<u>65,480</u>	<u>76,428</u>	<u>82,247</u>	<u>85,218</u>	<u>88,312</u>	<u>91,543</u>	<u>94,915</u>	<u>98,119</u>	<u>101,394</u>	<u>104,790</u>	<u>108,312</u>	<u>111,965</u>
NET REVENUES	<u>\$ 37,773</u>	<u>\$ 33,837</u>	<u>\$ 36,348</u>	<u>\$ 43,824</u>	<u>\$ 52,330</u>	<u>\$ 61,646</u>	<u>\$ 71,767</u>	<u>\$ 76,034</u>	<u>\$ 79,184</u>	<u>\$ 82,465</u>	<u>\$ 85,881</u>	<u>\$ 89,437</u>
ACTUAL/ESTIMATED SYSTEM RESERVE FUND ON	\$ 37,022	\$ 26,233	\$ 25,173	\$ 17,004	\$ 13,989	\$ 14,209	\$ 17,130	\$ 26,069	\$ 44,680	\$ 66,383	\$ 90,706	\$ 117,462
O&M EXPENSE RESERVE REQUIREMENT	(6,548)	(7,643)	(8,225)	(8,522)	(8,831)	(9,154)	(9,492)	(9,812)	(10,139)	(10,479)	(10,831)	(11,197)
SYSTEM RESERVE FUND AVAILABLE	<u>30,474</u>	<u>18,590</u>	<u>16,948</u>	<u>8,482</u>	<u>5,157</u>	<u>5,054</u>	<u>7,639</u>	<u>16,257</u>	<u>34,541</u>	<u>55,904</u>	<u>79,875</u>	<u>106,265</u>
ADJUSTED NET REVENUES	<u>\$ 68,247</u>	<u>\$ 52,428</u>	<u>\$ 53,296</u>	<u>\$ 52,307</u>	<u>\$ 57,487</u>	<u>\$ 66,701</u>	<u>\$ 79,406</u>	<u>\$ 92,291</u>	<u>\$ 113,725</u>	<u>\$ 138,369</u>	<u>\$ 165,756</u>	<u>\$ 195,703</u>
REVENUE BOND DEBT SERVICE	\$ 7,163	\$ 7,278	\$ 7,487	\$ 7,662	\$ 7,799	\$ 7,989	\$ 8,232	\$ -	\$ -	\$ -	\$ -	\$ -
G.O. DEBT SERVICE (including proposed new debt)	27,200	29,842	37,014	39,284	44,172	50,409	54,147	56,931	57,269	58,255	59,603	58,726
PAYMENT TO/FOR OHIO WATER RIGHTS	<u>1,213</u>	<u>1,340</u>	<u>1,340</u>	<u>1,340</u>	<u>1,340</u>	<u>1,340</u>	<u>1,340</u>	<u>1,340</u>	<u>1,340</u>	<u>1,340</u>	<u>1,340</u>	<u>1,340</u>
TOTAL DEBT SERVICE REQUIREMENTS	<u>\$ 35,576</u>	<u>\$ 38,460</u>	<u>\$ 45,841</u>	<u>\$ 48,286</u>	<u>\$ 53,312</u>	<u>\$ 59,738</u>	<u>\$ 63,719</u>	<u>\$ 58,271</u>	<u>\$ 58,609</u>	<u>\$ 59,595</u>	<u>\$ 60,943</u>	<u>\$ 60,066</u>
<b>Rate covenant tests:</b>												
COVERAGE RATIO (1.00 REQUIRED)												
ADJ. NET REVENUE vs. TOTAL DEBT SERVICE (G/O)	1.92	1.36	1.16	1.08	1.08	1.12	1.25	1.58	1.94	2.32	2.72	3.26
COVERAGE RATIO (1.25 REQUIRED)												
ADJ. NET REVENUES vs. REV. BOND DEBT SERVICE	9.53	7.20	7.12	6.83	7.37	8.35	9.65	N/A	N/A	N/A	N/A	N/A
COVERAGE RATIO (1.50 REQUIRED)												
ADJ. NET REVENUES vs. REV. BOND DEBT SERVICE	9.53	7.20	7.12	6.83	7.37	8.35	9.65	N/A	N/A	N/A	N/A	N/A

## Storm Sewer Maintenance Fund

### 2006 Cash Balance Statement

Prior to 1993, the storm sewer maintenance special revenue fund was used only to reimburse the sanitary operating fund for stormwater management expenses. No expenditures were made directly out of this fund. This arrangement changed in 1993, when the storm sewer maintenance fund became the operating fund for stormwater management engineering and design, although the sanitary fund is still reimbursed for some storm sewer maintenance expenses. More recently, this fund's designation changed from that of special revenue to enterprise fund. This change allowed the division to set aside monies in a reserve fund against which contracts could be certified in the absence of bond cash.

The storm sewer maintenance fund will begin 2006 with a cash balance of nearly \$20.8 million, including the \$10 million in the reserve fund. No additional reserve fund transfers are projected at this time. However, the department will request that any surplus revenues, when available, be shifted to that fund.

2006 STORM SEWER MAINTENANCE FUND BALANCE SUMMARY		
Unencumbered Cash Balance (January 1, 2006)	\$	20,868,628
Plus Estimated 2006 Receipts		<u>27,427,425</u>
Total Estimated Available Resources	\$	48,296,053
Less 2006 Recommended Operating Budget		(27,876,795)
Less 2006 Recommended Operating Budget (Operational Support)		(615,518)
Projected Available Balance (December 31, 2006)	\$	<u><u>19,803,740</u></u>
Note: Balance at January 1, 2006 includes reserve fund balance		



## 2006 Revenue Summary

Stormwater maintenance fees provide the vast majority of revenues to this fund. In August 1995, the Division of Sewerage and Drainage implemented a new fee structure based on the impervious area of a given property, which directly relates to stormwater runoff into the storm drainage system. The stormwater service fee is based upon an equitable and consistent rate system, defined in equivalent residential units (ERU), where one ERU equals 2,000 square feet of impervious area. The fee, as recommended by the Sewer and Water Advisory Board and approved by Columbus City Council, was \$2.44/ERU per month for 1995. During 1995, however, revenues exceeded original projections by nearly 50 percent; a result of higher than projected ERU's, and lower than projected credit applications. For that reason, the sewer and water advisory board recommended a rate decrease for 1996, to \$1.64/ERU per month. In 2000, the stormwater rate increased by 35 percent, after 5 years of remaining static. It was again increased in 2001 by 12.5 percent, by 9.5 percent in 2002, and by 5 percent in 2003.

Statements relative to this fund are made on a cash basis, which do not account for outstanding end of year encumbrances.

## 2006 Revenue Summary

<b>STORM SEWER MAINTENANCE FUND</b> <b>REVENUE BY SOURCE AND YEAR</b> <b>HISTORICAL AND PROJECTED</b> <b>2003-2006</b>				
<b>REVENUE SUMMARY</b>	<b>2003 Actual</b>	<b>2004 Actual</b>	<b>2005 Estimated</b>	<b>2006 Proposed</b>
Storm Maintenance Fees	\$ 21,028,019	\$ 23,070,252	\$ 24,262,814	\$ 26,253,179
Investment Earnings	720,416	529,453	950,000	950,000
Other Revenues (includes insurance rebates)	238,678	219,659	222,000	224,246
Beginning Year Cash Balance	11,257,113	13,910,762	17,356,459	20,868,628
<b>TOTAL RESOURCES</b>	<b>\$ 33,244,226</b>	<b>\$ 37,730,126</b>	<b>\$ 42,791,273</b>	<b>\$ 48,296,053</b>
<b>PERCENT CHANGE</b>		<b>13.49%</b>	<b>13.41%</b>	<b>12.86%</b>

### Revenue Notes:

- 2006 revenues are based on a charge of \$3.37 per ERU, per month.

### **Storm Sewer Maintenance Pro Forma Operating Statement**

- The Storm Sewer Maintenance pro forma operating statement assumes that rates will increase by 5 percent to \$3.37/ERU in 2006.
- Operations and maintenance expenses, excluding health insurance and pro rata are inflated at three percent per year. Insurance costs are inflated by 7 percent annually, while the projected pro rata in each year is 4.5 percent of each year's projected revenues. (Note: As non-insurance personnel costs are inflated by only three percent annually, it is assumed that the division's employee strength will not increase over the pro forma period.)
- Operations and maintenance costs also include pro-rated costs associated with the newly organized Division of Operational Support (DOS). The relative percentage of the DOS budget each enterprise division will bear in any given year will depend upon the type and beneficiary of projects undertaken by the DOS during that year.
- The division's 2006 operations and maintenance budget includes \$1,000,000 for specialized equipment rental.
- The division's capital improvements plan has been discounted by 20 percent throughout the pro forma period. This reduction recognizes the probability that debt issued in any given year will not reach the levels outlined in the division's capital improvements budget due to unavoidable lags in the project planning and implementation process.
- The pro forma statement assumes debt issuance amounts of \$30.1 million in 2005, \$21.2 million in 2006, \$12.7 million in 2007, \$4.6 million in 2008, \$7.6 million in 2009 and nearly \$12 million in 2010. Note that these amounts reflect the capital improvements plan after the aforementioned discount.
- In 2005, for the first time, the storm sewer pro forma included costs associated with the street cleaning function. These costs were transferred from the Public Service Department. A three percent growth rate for this program is assumed thereafter.

STORMWATER ENTERPRISE FUND PRO FORMA OPERATING STATEMENT FOR YEARS 2004 - 2015 IN DOLLARS - 000'S OMITTED												
	PROJECTED 2004	Projected 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Fund Beginning Bal.	\$ 3,911	\$ 7,356	\$ 11,630	\$ 10,565	\$ 6,919	\$ 2,015	\$ (3,230)	\$ (7,844)	\$ (11,587)	\$ (14,322)	\$ (15,862)	\$ (16,517)
Reserve Fund Beginning Bal.	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Total Beginning Balance:	\$ 13,911	\$ 17,356	\$ 21,630	\$ 20,565	\$ 16,919	\$ 12,015	\$ 6,770	\$ 2,156	\$ (1,587)	\$ (4,322)	\$ (5,862)	\$ (6,517)
UTILITY REVENUE												
Storm Maintenance Service Charges	23,070	24,263	25,103	26,620	28,245	29,659	31,180	32,728	34,388	36,161	37,967	39,463
Rate Increase (Decrease)	-	-	1,151	1,220	1,036	1,087	1,143	1,200	1,261	1,326	1,044	1,085
Investment Earnings	529	950	950	485	322	282	282	250	250	250	250	250
Storm Sewer Maintenance Penalties	217	219	221	223	225	228	230	232	235	237	239	242
Other Revenues	3	3	3	3	4	4	4	4	4	4	4	4
TOTAL REVENUE	23,819	25,435	27,427	28,551	29,832	31,260	32,838	34,414	36,137	37,978	39,505	41,045
TOTAL RESOURCES	\$ 37,730	\$ 42,791	\$ 49,057	\$ 49,116	\$ 46,752	\$ 43,274	\$ 39,609	\$ 36,570	\$ 34,550	\$ 33,656	\$ 33,643	\$ 34,528
UTILITY EXPENSE												
Personnel	1,950	2,100	2,348	2,418	2,491	2,566	2,643	2,722	2,804	2,888	2,974	3,064
27th pay period	-	-	-	-	-	-	-	-	-	-	-	-
Insurances	237	275	342	365	391	418	448	479	513	548	587	628
Supplies and Materials	13	11	16	16	17	17	18	19	19	20	20	21
Contractual Services	1,282	1,190	1,748	1,800	1,854	1,910	1,967	2,026	2,087	2,150	2,214	2,280
Pro Rata	1,040	1,145	1,234	1,285	1,342	1,407	1,478	1,549	1,626	1,709	1,778	1,847
Equipment	16	0	80	82	85	87	90	93	96	98	101	104
Other	44	211	110	113	117	120	124	128	131	135	139	144
Reimbursement to Sanitary Enterprise	8,444	8,500	8,585	8,671	8,758	8,845	8,934	9,023	9,113	9,204	9,296	9,389
Division of Operational Support Allocation	-	488	616	634	653	673	693	714	735	757	780	803
Street Cleaning (transferred from Public Service)	2,900	2,900	2,987	3,077	3,169	3,264	3,362	3,463	3,567	3,674	3,784	3,897
Subtotal Operations and Maintenance Expense	\$ 15,927	\$ 16,820	\$ 18,065	\$ 18,463	\$ 18,877	\$ 19,307	\$ 19,755	\$ 20,214	\$ 20,690	\$ 21,183	\$ 21,674	\$ 22,178
Debt Service:												
General Obligation Debt	1,408	4,341	8,538	8,258	8,011	7,762	7,517	7,176	6,883	6,635	6,404	6,174
Less Premium from '04 Issuance	-	-	-	-	-	-	-	-	-	-	-	-
Cash Transfer to Bond Fund	-	-	-	-	-	-	-	-	-	-	-	-
Proposed New Debt	0	0	1,889	5,476	7,850	9,435	10,181	10,768	11,299	11,700	12,083	12,447
Total Debt Service:	\$ 1,408	\$ 4,341	\$ 10,427	\$ 13,734	\$ 15,861	\$ 17,197	\$ 17,697	\$ 17,944	\$ 18,182	\$ 18,335	\$ 18,486	\$ 18,621
Transfer to Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	\$ 17,335	\$ 21,161	\$ 28,492	\$ 32,197	\$ 34,737	\$ 36,504	\$ 37,453	\$ 38,157	\$ 38,872	\$ 39,518	\$ 40,160	\$ 40,799
ENDING FUND BALANCE (see comment for plug info.)	\$ 20,396	\$ 21,630	\$ 20,565	\$ 16,919	\$ 12,015	\$ 6,770	\$ 2,156	\$ (1,587)	\$ (4,322)	\$ (5,862)	\$ (6,517)	\$ (6,271)
RATE CHANGE	5.00%	6.50%	5.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	3.00%	3.00%
10% of Operations/Maintenance Costs	\$ 1,593	\$ 1,682	\$ 1,995	\$ 2,394	\$ 2,673	\$ 2,874	\$ 2,994	\$ 3,098	\$ 3,199	\$ 3,288	\$ 3,376	\$ 3,462
COST/MONTH/ERU	\$3.01	\$3.21	\$3.37	\$3.54	\$3.68	\$3.83	\$3.98	\$4.14	\$4.31	\$4.48	\$4.61	\$4.75
ASSUMES base of 555,500 ERU'S, with annual growth per year as follows:	1.01%	595,807	601,825	607,903	614,043	620,245	626,509	632,837	639,229	645,685	652,206	658,794
10% of O&M	1,593	1,682	1,807	1,846	1,888	1,931	1,976	2,021	2,069	2,118	2,167	2,218
Fund balance less 10% requirement	18,803	19,948	18,759	15,073	10,127	4,840	180	(3,609)	(6,391)	(7,980)	(8,685)	(8,489)

